

**DISCLAIMER**

*This electronic version of an SCC order is for informational purposes only and is not an official document of the Commission. An official copy may be obtained from the [Clerk of the Commission, Document Control Center](#).*

COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

AT RICHMOND, APRIL 2, 2001

APPLICATION OF

VIRGINIA ELECTRIC AND  
POWER COMPANY

CASE NO. PUE000343

For Approval of Generation  
Facilities pursuant to Virginia  
Code § 56-580 D or, in the  
Alternative, for Approval of  
Expenditures pursuant to Virginia  
Code § 56-234.3 and for a  
Certificate of Public Convenience  
and Necessity pursuant to Virginia  
Code § 56-265.2

and

APPLICATION OF

VIRGINIA ELECTRIC AND  
POWER COMPANY

CASE NO. PUF000021

For authority under Chapters 3,  
4, and 5 of Title 56 of the Code  
of Virginia to participate in  
lease financing arrangements for  
construction of generation  
facilities, and for a declaration  
of non-jurisdiction

ORDER GRANTING RECONSIDERATION

On March 12, 2001, the State Corporation Commission  
("Commission") entered its Final Order in the captioned matter,  
and, among other things, granted approval to Virginia Electric  
and Power Company ("Virginia Power" or "the Company") to  
construct, acquire and operate the generating units at the

Possum Point Power Station, as more specifically described in the Company's June 16, 2000, application docketed as Case No. PUE000343 and its July 5, 2001 application docketed as Case No. PUF000021. That Order also approved the financing for the Possum Point Project, as modified by the Commission's November 17, 2000, Order entered in Case No. PUF000021, and Exhibit 1 attached to Exhibit LTO-13.

On March 30, 2001, the Company filed a Petition for Reconsideration and Motion to Amend Final Order ("Petition"), wherein it requested that it be allowed to increase the total amount it could borrow under the synthetic lease approved in Case No. PUF000021 from \$300 million to \$370 million. In its Petition, Virginia Power explained that it recently concluded a comprehensive update of its previous estimate based on its actual experience in the marketplace for procurement of the equipment and services necessary to construct Unit 6. According to the Company, its updated projected cost for Unit 6 is now \$366 million, rather than \$300 million. The projected cost level includes an increase in contingency expenses of approximately \$17 million and an additional amount of approximately \$10 million for full financing of the gas pipeline for the Possum Point Project through the synthetic lease. Virginia Power attached the Affidavit of Thorald A. Evans to its Petition.

As indicated in Mr. Evans' Affidavit, the Company's updated construction cost for the Possum Point Project includes the cost of the gas pipeline, meaning that the Company now proposes to finance the pipeline using proceeds of the synthetic lease financing. Virginia Power explains that using its proposed financing for the pipeline will not mean that the pipeline assets and rights will be owned by the Grantor Trust, leased to the Sublessor and subleased to Virginia Power as the generation facilities will be. The Company comments that the pipeline facilities will need to be subject to assignment as collateral security for the synthetic lease financing. The Company has committed to make the necessary revisions to its application and supporting testimony in Case No. PUE000741, the Company's application for approval of the pipeline, to reflect its proposed change in the pipeline's financing.

NOW UPON CONSIDERATION of the Company's Petition, the Commission is of the opinion and finds that the Company's request for reconsideration should be granted to allow consideration of the issues raised therein; that the provisions of the March 12, 2001, Final Order addressing the issues raised in the Company's Petition for Reconsideration should be suspended, but, in all other respects, the provisions of the March 12, 2000, Final Order should remain effective; that Virginia Power should forthwith file the necessary revisions to

its application and supporting testimony in Case No. PUE000741; that the Company should forthwith file revised agreements in Case Nos. PUE000343 and PUF000021 to indicate its proposals to revise the synthetic lease financing approved in those dockets; and that the matter should be continued.

Accordingly, IT IS ORDERED THAT:

(1) Virginia Power's request for reconsideration shall be granted to the extent necessary to permit the consideration of the issues raised in its Petition.

(2) The provisions of the March 12, 2001, Final Order related to the issues raised in the Company's Petition for Reconsideration shall be suspended, but otherwise the provisions of that Order shall remain in effect.

(3) Virginia Power shall forthwith file the necessary revisions to its application and supporting testimony in Case No. PUE000741 to reflect its proposed change in the financing of the gas pipeline lateral.

(4) Virginia Power shall forthwith file revised agreements in Case Nos. PUE000343 and PUF000021, to indicate its proposals to revise the synthetic lease financing approved in those dockets.

(5) This matter shall be continued, pending further order of the Commission.